



## Coast Guard Flag Voice 20

### COMPENSATING THE 21st CENTURY MILITARY WORKFORCE

In previous Flag Voices, I have discussed military compensation and retirement issues, with recent focus on closing the "pay gap." Additionally, the Service chiefs have concluded the retirement plan enacted in 1986, the Military Retirement Reform Act (MRRA), more commonly called "REDUX", is inadequate to sustain the workforce. The five Services have coordinated their approach to these issues and will address them to the in-coming Congress for consideration in the FY2000 Budget. The message: a strong economy and competition with industry mandate competitive pay.

Equitable pay, fair retirement, and "targeted" pay raises are the three "pillars" to "Compensating the 21st Century Force", a joint, affordable compensation and retirement "reform" package announced by Secretary of Defense William Cohen and Joint Chiefs of Staff Chairman GEN Shelton on 21 December 1998. All of the Service chiefs and senior enlisted advisors, including ADM Loy and Master Chief Patton, were in attendance. The plan's "strategic aim" is for fair retirement and competitive compensation. This package begins that journey by restoring 20-year, 50% retirements and structuring basic pay to reward performance over longevity.

Specifically, the plan builds on the 3.6% pay raise in FY99 with a 4.4% pay raise for all active duty and selected reserve military in FY00. Future raises are intended to match or exceed the full Employment Cost Index (ECI); since 1982 our raises have been pegged at ECI minus 0.5%, hence the 8 to 13.5% pay gap now reported. The plan includes a commensurate 4.4% Federal civilian raise, too, effective 1 January 2000 as the normal start date with yearly pay raises.

To restore equity among military retirements and support long-term retention the retirement portion includes restoring the retirement base pay percentage from 40 to 50 at 20 years and installing a "COLA Floor."

The "targeted" pay raise is an initiative stemming from the 7th and 8th Quadrennial Reviews of Military Compensation (QRMC), Congressionally mandated studies at least every four years required to report on the effectiveness of military compensation. The concept is pay levels need to recognize increased skills, education, training, and experience. While much has and is being done in the "special pay" area (some the subject of a previous Flag Voice), more needs to be done to link larger increases to promotion and target rank with increased skills. Furthermore, while special pay helps, it does not provide a consistent, predictable level of income and does not contribute to retirement pay. The recommended pay table reform would begin to restructure pay to reward performance over longevity. It is intended to reward NCOs (E-4 and above) and field grade officers (O-4s and O-5s primarily), increase financial incentives for getting promoted, and motivate quality performers to remain in the Services. This

additional compensation portion would be effective 1 July 2000.

In his remarks Secretary Cohen stated in part:

"I have been working with President Clinton, the Service chiefs and the senior enlisted representatives to make sure that the military pay and retirement systems adequately reward the experienced men and women in our military. I am pleased to announce a package of significant pay increases and retirement improvements for the nation's men and women in uniform. These will be part of President Clinton's fiscal year 2000 budget.

The leadership of the Department of Defense and the military Services are deeply committed to providing for the welfare of the men and women who serve the nation so well, and for their families. I will work with Congress to win approval of this proposal.

The nation requires effort, dedication and sacrifice from our soldiers, sailors, airmen, Marines and Coast Guardsmen. They are the pride of our nation, and they are working harder than ever to take care of us. We must act now to take care of them.

As indicated, these changes will take both budgetary and legislative action from Congress. We will continue to work closely with our DoD counterparts as this moves forward."

Have a happy and safe holiday season!

Regards, FL Ames



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